

# **Rhode Island Public Transit Authority**

## **Joint Pension Board**

### **Minutes of the June 20, 2011 Meeting**

**Joint Pension Board Members Present: Thomas Deller, Chair; Stephen Durkee, Acting Chairperson; Jerome Williams; Stephen Farrell; Christine Johnston; and Kevin Millea.**

**Also Present: Charles Odingbe, Chief Executive Officer; Steven Richard (Outside Counsel); Lazaro Guzman (Prudential Securities); David Ward (Angell Pension Group); Maureen Neira; Victor Santos; and Ellen Mandly and other members of the RIPTA staff and the general public.**

#### **Agenda Item 1: Approval of Minutes of May 19, 2011 Monthly Meeting**

**Acting Chair Stephen Durkee called the meeting to order and asked if the Joint Pension Board members had an opportunity to review the minutes of the May 19, 2011 meeting and the members indicated that they had.**

**A motion to approve the minutes as presented was made by Mr. Farrell; seconded by Ms. Johnston. The minutes of the May 19, 2011**

meeting were approved with Mr. Williams abstaining.

## **Agenda Item 2: Convene as Pension Benefit Sub-Committee**

### **o Consideration of Benefits' Requests – Division 618**

**o JPB Action: Stanley French – Active Employee – Age 70  
Request for Late Pension effective 6/1/11 - \$1,829.48**

**Mr. Santos discussed the details of the pension request by Mr. French saying he was employed with the Authority 24 years and during his employment he was included in the hourly pension plan. Following this Mr. Millea moved that Mr. French's pension request be approved as presented. Mr. Durkee seconded the motion. The motion passed unanimously.**

**o JPB Action: Steven Schiffman – Active Employee – Age 65  
Request for Late Pension effective 6/1/11 - \$2,994.98**

**Mr. Santos discussed the details of the pension request by Mr. Schiffman saying he was employed with the Authority 35 years and 9 months and during his employment he was included in the hourly pension plan. Following Mr. Santos' remarks Mr. Millea moved that Mr. Schiffman's pension request be approved as presented. Mr. Durkee seconded the motion. The motion passed unanimously.**

**o JPB Action: Norman Barber – Active Employee – Age 66**

**Request for Late Pension effective 6/1/11 - \$433.20**

**Mr. Santos discussed the details of the pension request for Mr. Barber saying he was employed with the Authority 8 years and 5 months and during his employment he was included in the hourly pension plan. Following Mr. Santos' remarks Mr. Millea moved that Mr. Barber's pension request be approved as presented. Mr. Durkee seconded the motion. The motion passed unanimously.**

**o Consideration of Benefits' Requests – Division 618A**

**o JPB Action: William Bartolini – Active Employee – Age 62**

**Request for Late Pension effective 6/1/11 - \$3,374.46**

**Mr. Santos discussed the details of the pension request for Mr. Bartolini saying he was employed with the Authority 36 years and 5 months and during his employment he was included in the hourly pension plan. Following Mr. Santos' remarks Mr. Millea moved that Mr. Bartolini's pension request be approved as presented. Mr. Durkee seconded the motion. The motion passed unanimously.**

**Following the vote on the pension Mr. Farrell spoke about Mr. Bartolini noting his many years of service. Mr. Farrell commended**

**Mr. Bartolini for being an outstanding employee as well as an outstanding person.**

### **Agenda Item 3: Lazaro Guzman – Prudential Retirement**

**Maureen Neira introduced Lazaro Guzman Vice President of Investment Strategy from Prudential Retirement Services. Mr. Guzman reminded the Committee that he had presented them with a report at the March Joint Pension Board meeting and today he was back to answer questions raised at that meeting and to present some potential changes to certain asset allocations in the plans.**

**Mr. Guzman began by saying that considering the market, RIPTA's plans have done relatively well. He then discussed the performance and asset allocation for both the hourly and the salary pension plans and the potential fund changes.**

**Mr. Guzman began with the salary plan and directed the members to the detailed descriptions in the board report form. For the salary plan he suggested adding a small value fund and potentially splitting the assets in Small Growth / TimesSquare with one of the Small Value funds named American Century, Kennedy, or Victor. Mr. Guzman discussed each of the three funds in some detail then suggested that Small Cap Value / Kennedy is the best pick.**

**Mr. Guzman answered detailed questions from Mr. Williams**

throughout. Being new to the Joint Pension Board, Mr. Williams had various questions he wanted answered in an effort to familiarize himself with the hourly and salary pension plans, the fund allocations, and the common practices and actions of the Joint Pension Board.

Following this question and answer period Mr. Guzman asked if the committee wished to vote on the suggested change or wait till all changes had been proposed and explained. Ms. Johnston noted that the proposed changes were scheduled for a vote today. After a brief discussion Mr. Durkee suggested that for the benefit of the new Joint Pension Committee members the proposed changes be put forth today, but the vote on same be held until July.

Mr. Guzman resumed discussing his recommendations and asked that the committee consider SA / TRowe Price Equity Income as a replacement for Large Value / LSV which is currently on the Prudential watch list. He suggested the replacement of Large Growth / Turner also on the watch list, with either Large Growth / American Century or SA / TRowe Growth Stock Strategy. He also suggested the replacement of Small Growth / Boston Company with Small Growth / TimeSquare to be more consistent with the Salaried plan (Small Growth / TimeSquare is currently in the salaried plan). Mr. Guzman indicated the pages in the board report form with more details on these recommended changes and discussed same.

**Mr. Guzman then recommended the addition of a small value fund similar to the options detailed above for the salaried plan and suggested splitting the assets in small growth with a small value fund. Finally he suggested the replacement of International Value / LSV (currently on Prudential's watch list) with SA / Templeton Foreign.**

**Mr. Deller arrived at this point.**

**Mr. Guzman answered questions from the Committee. Mr. Durkee stated the Committee would postpone the vote until July. Mr. Guzman said he is available via conference call if the Committee members had any questions.**

**The Committee thanked Mr. Guzman for his presentation.**

#### **Agenda Item 4: Angell Pension Group Presentation**

**David Ward from the Angell Pension Group addressed the Committee and distributed their actuarial calculations detailing RIPTA late retirement benefits. Mr. Ward explained that late retirement benefits are triggered for participants on the first of April after they attain age 70.5. He then referred the members to the example calculation on the form and walked them through the calculations and discussed same. He finished by saying that employee's beyond age 70.5 give up receiving their benefits at a younger age, therefore they get more at**

the later age.

Mr. Farrell asked that Mr. Ward read the relevant language from the plan relative to the foregoing and Mr. Ward complied and read section 4.2 describing late retirement benefits specifically paragraph two on page 11 of the plan.

Next Mr. Ward discussed the QDRO (Qualified Domestic Relations Order) offset also detailed in the handout particularly as it relates to certain employee's beyond the age of 70.5. Mr. Ward noted there are a number of RIPTA employee's working beyond age 70.5.

Mr. Santos said the QDRO pension request from the May meeting was put on hold until the Committee had an opportunity to receive the explanation from Angell Pension Group. He asked if that pension could now be dispersed. A discussion of the Denicourt pension(s) from the May meeting ensued. Mr. Ward said the question was asked of Angell Pension - how is the actuarial adjustment calculated and he answered the plan document defines a 6% interest rate and uses the 1971 mortality table. These factors were used to determine the QDRO pension for Beverly Denicourt as prescribed by the plan.

Mr. Farrell moved that this discussion be continued at the July JPB meeting. Mr. Deller asked for clarification on the action taken on these pensions last month. Mr. Millea said that Carmel Denicourt's pension was approved but the QDRO pension vote on Beverly

**Denicourt was held until this month pending clarifications from Angell Pension. Mr. Santos clarified that the pension was paid, for the employee, but not on the QDRO pension. Mr. Deller said these discussions would be continued at the next JPB meeting.**

**Agenda Item 5: Adjournment**

**Mr. Deller asked if there was further business and hearing none asked for a motion. A motion to adjourn the meeting was made by Mr. Farrell and seconded by Ms. Johnston. Such motion passed unanimously and the meeting was adjourned.**

**Respectfully submitted,**

**Ellen M. Mandly**

**Recording Secretary**